

VZCZCXRO6898  
RR RUEHAG RUEHDF RUEHLZ  
DE RUEHFT #1931/01 2080832  
ZNR UUUUU ZZH  
R 270832Z JUL 09  
FM AMCONSUL FRANKFURT  
TO RUEHC/SECSTATE WASHDC 1245  
INFO RUCNFRG/FRG COLLECTIVE

UNCLAS SECTION 01 OF 02 FRANKFURT 001931

DEPARTMENT FOR EUR/AGS

SIPDIS

E.O. 12958: N/A

TAGS: [PGOV](#) [GM](#)

SUBJECT: KURT BECK BRINGS SPD TROUBLES FROM HIS HOME STATE

Sensitive but unclassified; not for internet distribution.

1.(SBU) Summary: Nearly a year after succumbing to party pressure to resign as chairman of the Social Democratic Party (SPD), Rhineland-Palatinate (R-P) Minister President Kurt Beck is facing new challenges at home. His troubles may put in jeopardy the SPD's only state-level absolute majority and could signal the beginning of the end of Beck's 15-year reign there when state elections are held in 2011. Nationally, the SPD -- trailing significantly in the polls behind its major rival -- can ill afford to see one of its top, albeit fallen, leaders hit with political criticism in the run-up to the September 27 parliamentary elections. Local media are criticizing Beck for failing to quickly stop a dubious financing scheme -- over which his finance minister resigned on July 7. The opposition Christian Democratic Union (CDU) and Free Democratic Party (FDP) will seek to use a parliamentary investigation into the issue to lay the groundwork for the 2011 state election campaign. Nonetheless, Beck faces little competition within his own party and his primary CDU rival lacks the charisma to compete with Beck's talents as a local campaigner, suggesting that Beck is likely to weather this storm and win reelection in 2011, even if his Social Democrats fail to win an absolute majority and have to share power with a junior coalition partner. END SUMMARY

#### Amusement Park Scandal: No Fun and Games for Beck

-----

12. The July 7 resignation of R-P Finance Minister Ingolf Deubel over allegations that he engaged in dubious financing of the Nuerburgring amusement park is the worst political crisis ever to hit Beck in his home state, according to a contact in Beck's state chancellery. In a special press conference on June 7, R-P Finance Minister Ingolf Deubel announced his resignation and admitted that the R-P government had failed to raise private capital for a 275 million Euro expansion of the Nuerburgring amusement park. Apparently, Deubel was misled by a Swiss investor named Urs Barandun, whom Deubel had relied on to raise 50 million Euros from private investors. Barandun missed several payment deadlines, and was standing trial in Dubai for allegedly issuing unsecured checks. Minister President Kurt Beck -- who until last week fully supported Deubel's financing plan -- apologized for failing to stop the negotiations with Barandun at an earlier stage. The CDU and FDP in R-P have publicly signaled their intention to initiate a parliamentary investigation into the matter at the beginning of September.

13. (SBU) A contact in the R-P state chancellery in Mainz, said that he expects the parliamentary investigation to last until the end of 2010 and to directly impact the state election in early 2011. He said that Beck had completely delegated the Nuerburgring project to his finance minister and had failed to exercise adequate oversight, which he suggested may be a sign of wear after more than 15 years in office. While the chancellery contact does not expect Beck to step down over the issue, he said that Beck is likely to come under more pressure especially if the amusement park proves less popular or less profitable than expected. The contact, however, was still confident that Beck would lead the SPD party list

in the next state election. (Note: This contact suggested that, thereafter, Beck might consider handing over the reins to one of two likely successors: Roger Lewentz, a state secretary at the R-P Interior Ministry, or Doris Ahnen, the R-P Minister for Education, Science, Youth and Culture.)

#### Light at the End of the Tunnel for R-P CDU?

-----

¶4. After 18 years in opposition, the CDU is seeking to use the Nuerburgring crisis and the first forced resignation of any of Beck's ministers to erode Beck's remarkable popularity in the state.

The CDU and the FDP will seek to use the parliamentary investigation to make the Nuerburgring scandal a central theme of the 2011 election campaign. The opposition's ability to capitalize on the scandal may be limited, however, because both the CDU and FDP have vocally supported the project in the past to boost the economy.

The CDU was not involved in the financing aspects of the deal, however, and Hoffmann said the CDU will seek to criticize the financing mistakes rather than the merits of the project. According to a chancellery contact, however, even with the investigation, the CDU is unlikely to pose a serious threat to Beck's power because R-P CDU chair Christian Baldauf probably does not have enough charisma to compete with Beck's personal popularity among regular voters. .

¶5. COMMENT: Beck may have been looking forward to a short respite from the stresses of national politics when he resigned as SPD

FRANKFURT 00001931 002 OF 002

chairman last fall and gave up hopes to be the party's chancellor candidate. Instead, he is facing a number of scandals and a more critical press that could threaten the R-P SPD's absolute majority in upcoming state elections. The opposition will certainly seek to use a parliamentary investigation into the Nuerburgring scandal to paint Beck as negligent. Beck's personal popularity and proven ability to appeal to the average voter in the state, however, will make him a tough incumbent to beat. Beck's troubles and coverage in the press will not serve the national SPD in its efforts to boost its standing in the polls two months before national elections. END COMMENT.

¶6. This cable was coordinated with Embassy Berlin.

ROSEN